

Control No. 490797
15 June 1959

MEMORANDUM FOR: EIC Secretariat

FROM : Chairman, EIC Subcommittee on Chemicals
SUBJECT : Annual Report for Fiscal Year 1959

A. Activities of the Subcommittee During Fiscal Year

The EIC Subcommittee on Chemicals held 3 meetings during fiscal year 1959. These meetings were concerned with: 1) Final revisions of the draft survey on "Priority Deficiencies of Research on Sino-Soviet Bloc chemicals"; 2) Revision of the Subcommittee Terms of Reference; and 3) Evaluation of a proposal for an exchange of delegations between the US and the USSR in the field of the fluorine chemical industry.

1. Review of the Intelligence Product

No review and evaluation of the state of intelligence on the chemical industries of foreign countries was conducted by the Subcommittee during fiscal year 1959. The last review of this nature was conducted in the spring of 1958 in connection with the preparation of a revised statement on "Priority Research Deficiencies."

2. Research and Collection Deficiencies

a. Research Deficiencies

A revised statement of "Priority Deficiencies of Research on Sino-Soviet Bloc Chemicals" (EIC-8-1/2) was approved by the EIC on 23 July 1958. Research completed during the past year indicates that another revision of this statement would be desirable during fiscal year 1960.

b. Collection Deficiencies

A survey of chemical Priority Collection Deficiencies has been underway for some time but a statement on this subject has not yet been prepared by the Subcommittee. The CIA/CRD statement of gaps in information on the chemical industries

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of Hungary, Communist China and North Korea were forwarded to the members of the Subcommittee. Similar statements of "Gaps" on the remaining countries of the Sino-Soviet Bloc will be completed by September. In light of the proposal to use these "Gaps" as the basis for a Statement of Priority Collection Deficiencies, preparation of such a Statement probably will have to be delayed until after September.

3. Special Coordination Functions of the Subcommittee

At the request of the USIB Committee on Exchanges, the Subcommittee on Chemicals held a meeting in April 1959 to evaluate a proposal for an exchange of delegations between the US and the USSR in the field of the fluorine chemical industry. The Subcommittee decided that the intelligence gain to the US from such an exchange was potentially great and probably would outweigh the intelligence and technological gains that would accrue to the USSR. Additional Subcommittee meetings, relating to membership of the US delegation, sponsors, itineraries and time of visit, are anticipated.

4. Other Functions of the Subcommittee

During fiscal year 1959 no work was done relating to other functions of the Subcommittee. No substantive papers were reviewed, no projects were undertaken at the request of the EIC, no projects were proposed to the EIC and no proposals for external research were reviewed. In addition, there was no need for coordination of basic statistical estimates, because in recent years there has been virtually no duplication of effort among the various agencies in the production of chemical and related intelligence.

5. Evaluation of the Role of the Subcommittee

Although the Subcommittee has been serving a number of useful purposes, it has not yet realized its potential as a medium for inter-agency review and coordination and as a mechanism for improving economic intelligence research on the chemical and related industries of the Sino-Soviet Bloc. Further benefits to each of the participating agencies could be obtained by a more systematic review and coordination within the Subcommittee of the intelligence research and collection program of each agency. Likewise, the review by the Subcommittee of certain reports which are of interest to more than one agency probably would result in the production of improved intelligence. For example, reports dealing with missile propellants are of interest to both Air Force and CIA;

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those dealing with chemical trade are of interest to State, Commerce, DCA and CIA; those dealing with explosives are of interest to Army (OMIA) and, in certain aspects, to CIA; and those dealing with antibiotics and some insecticides to both Army (CCIA) and CIA. Review of such reports by the Subcommittee would result in the production of intelligence incorporating the latest available information and the coordinated views of the intelligence community, a situation which does not exist in all cases at present.

The recent addition to the Subcommittee of a representative from Army Ordnance Technical Intelligence Agency (OMIA) and the anticipated addition of a representative from Air Technical Intelligence Center (ATIC) should assist in facilitating the review and coordination functions of the Subcommittee.

B. Future Program of the Subcommittee

The renewed interest of the Bloc countries, particularly the USSR, in exchange of chemical industry delegations and the positive attitude of the US toward this program indicate that consideration of proposals for such exchanges probably will be one of the major activities of the Subcommittee during fiscal year 1960. Other activities planned for the coming year are revision of the existing statement of Priority Research Deficiencies and preparation of a statement of Priority Collection Deficiencies. In addition, it is planned to devote more effort than previously to the coordination of research and collection programs and to the review of reports which are of interest to more than one Agency.

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EIC-M-74
31 July 1958

REVIEW OF ACTIVITIES OF SUBCOMMITTEE ON CHEMICALS: (EIC-D-313)

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13. Discussion: The Executive Secretary of the Subcommittee on Chemicals, [REDACTED] commented on the activities of that Subcommittee. He indicated that the SC has performed several useful functions during 1958, particularly with regard to consideration of proposals for exchange of delegations and the review of external research projects. Despite the divergence of interests on the part of the agencies represented, he felt that considerable success has been achieved in stimulating interest in the work of the Subcommittee, and that it is now and will continue to serve in a useful capacity.

14. Action: The Subcommittee Secretariat was commended for the manner in which it has met the challenge of reviving the SC. The Subcommittee was asked to review its Terms of Reference and to continue to review its priority research and collection deficiencies as appropriate.

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Executive Secretary

Control No. 487743
EIC-D-313
28 July 1958

EIC/S BRIEF ON SUBCOMMITTEE ON CHEMICALS

REFERENCES: General Concept and Functions of EIC Subcommittees, EIC-D-123/2, 20 December 1955
SC Terms of Reference, 4 January 1952
SC Annual Report for FY 1956, see EIC-D-187, 19 October 1956
SC Annual Report for FY 1957, see EIC-D-249, 18 September 1957
SC Annual Report for FY 1958, see EIC-D-307, 21 July 1958

1. The Chemicals SC has been relatively active during the past year, holding 4 meetings as compared with 2 in FY 1955, 1 in FY 1956, and none in FY 1957. During FY 1958 the SC redrafted the statement of priority research deficiencies on the chemical industries of the Sino-Soviet Bloc; assisted the IAC Ad Hoc Committee on Exchanges in the evaluation of several proposed exchanges of chemical delegations with the Bloc; and considered an Air Force external research proposal on the Soviet chemical industry.

2. Evaluation of SC Role

". . . the Subcommittee on Chemicals has performed several useful functions during 1958, particularly with regard to consideration of proposals for exchange of delegations and for external research projects. In addition, it is felt that the personal contacts and coordination effected through the Subcommittee are useful to all the participating agencies in expediting economic intelligence research on the chemical and allied industries of the Bloc and in avoiding duplications of effort. On balance, despite the lack of identical interests on the part of the agencies represented, it is felt that considerable success has been achieved in stimulating renewed interest in the work of the Subcommittee, after a long period of inactivity during fiscal year 1957, and that the Subcommittee is now serving and will continue to serve in a useful capacity."

* From SC Annual Report to the EIC for FY 1958.

EIC-D-313 (contd.)
28 July 1958

3. Future Program of SC*

"The active state of affairs regarding exchange of technical delegations with the USSR and other Bloc countries, and the recent prominence given to expansion of the chemical industries of certain of the Bloc countries indicate that consideration of proposals for such exchanges probably will be the major activity of the Subcommittee during fiscal year 1959. In addition, it is planned to resolve the previously cited question regarding priority collection requirements, to continue coordinating the research programs of the various agencies, and, in general, to provide Ad Hoc advice and assistance when required in the resolution of any problems within the responsibilities of the Subcommittee."

* From SC Annual Report to the EIC for FY 1958.

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NOTES AND RECOMMENDATIONS FOR THE CHAIRMAN:

4. The following agencies are represented on this SC:

Army	25X1A5a [REDACTED] Nathan Gordon, Chairman
CIA	25X1A5a [REDACTED] Executive Secretary
State	Jennetta Radio Leon Lowine (Alternate) Henry F. Weekley (Alternate)
Navy	Bennett V. S. Davis (Observer)
Air Force	Belbert L. Schroeder Donald L. Hall (Alternate)
CIA (contd.)	25X1A5a [REDACTED]
Agriculture	Dr. Walter M. Scott
Commerce	Dr. Lowell Kilgore Earle S. Overley (Alternate)
ICA	Theodore L. Sweet
OSD	Frederick D. Bates

5. In the data recently reported for the survey of government personnel engaged in economic intelligence and related economic research (EIC-S-50) on Chemicals, a total of about 15 one-man full-time equivalents was reported for Bloc areas and about 3 one-man full-time equivalents for non-Bloc areas. (See breakdown by area and agency in Tab A, attached.) All agencies reporting work in this field are represented on the SC, as are several agencies whose interest is only peripheral, or limited to special aspects of chemicals. On Bloc areas, CIA reports the major intelligence effort, while for non-Bloc areas, where the effort is very limited, Commerce reports the major effort.

6. Under its present leadership, this SC has been able to achieve considerable success in stimulating renewed interest in its field of activity. The SC has built up and maintained a close working relationship among its members and has provided a useful mechanism for interagency coordination of such projects as review of proposed external research projects, assistance to the IAC Ad Hoc Committee on Exchanges in evaluation of proposed exchanges, and like problems. The SC has, on its own initiative, reviewed the statement of priority research deficiencies on Sino-Soviet Bloc Chemicals, and a revised survey is currently (18 July) being reviewed by

the EEC, prior to approval. The SC has also identified priority collection deficiencies in the fields of missile propellants, nuclear energy chemicals, synthetic rubber, and other fields. No formal statement has been prepared for these items but collection requirements have been served on the appropriate collection components through the regular agency channels.

7. The SC Secretariat should be congratulated for the manner in which it has met the challenge of reviving a SC which had, for a number of reasons (including illness and diversity of agency interests), drifted into inactivity and lack of interest. In the course of the present year, with SC Secretariat guidance and direction, the SC has built up a renewed interest and a constructive program in its field. The plans for the year ahead indicate a good working program for SC activities.

8. Like the other SC's, (a) the SC Terms of Reference should be reviewed in the light of changes since their approval and the proposed revised Model SC Terms of Reference, and (b) continuing review should be made of priority research and collection deficiencies in the light of progress being made in filling gaps and in changes in priorities as indicated, for example, in the revised statement of the Priority National Economic Intelligence Objectives.

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Economic Intelligence and Related Economic Research

BLOC	USERS	Personnel full-time equivalents			
		Eastern Europe Excl. USSR	Com. China & Per. East. Sat.	Sino-Soviet Bloc	Total
Army	0.41	0.23	0.14	0	0.78
Air Force	2.00*	0	0	0	2.00
CIA	5.50	3.50	1.20	0.80	11.00
Commerce	0	0	0	1.00	1.00
	7.91	3.73	1.34	1.80	14.75

* Includes contract personnel.

SUB-BLOC	Africa	Asia	Excl. USSR	S.E. & S.E. Asia		Western Europe	Euro- Bloc	Total
				A	Per. East.			
State	0	0	0	0.10	0	0	0.05	0.15
Army	0.26	0.02	0.10	0.10	0	0.03	0	0.51
Commerce	0	0	0	0	0.20	0	1.95	1.95
	0.26	0.02	0.10	0.10	0.20	0.03	0.05	2.56

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1st yearChemicals

9/16/57 - noted inactivity, Fy 57
received Chem. int of SC memo
Rev. old research deficiencies & decided needed re

10/14/57 - AF ext. research project
Rev. EIC-S-1/2 research def.

10/24/57 - resp. for lithium in chem sc
AF ext research proj. rev (40% AF prep present)

11/17/57 - Research Def - draft, see to finish & send EIC/S
Collection Def - see to draw up list & send EIC/S
Polish Exchange

Other Wkgs

2 in Fy 55 - 1 in Fy 56 - none Fy 57.

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U.S. Government Personnel Engaged in Economic
Intelligence and Related Economic Research.

BLOC

	<u>U.S.S.R</u>	<u>Eastern Europe[†]</u> <u>Excl. USSR</u>	<u>One-man full-time equivalent</u> <u>Com. China +</u> <u>Far East. Pkts.</u>	<u>Sov. Sov. Bln</u>	<u>Total</u>
Army	0.41	0.23	0.14	0	0.78
Air Force	2.00 [*]	0	0	0	2.00
CIA	1.50	3.50	1.20	0.80	11.00
Commerce	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.00</u>	<u>1.00</u>
	7.91	3.73	1.34	1.80	14.78

* Includes contract personnel

NON BLOC

	<u>Europe</u>	<u>Africa</u>	<u>Middle East</u>	<u>Co. + S.E. Asia</u> <u>+ Far East</u>	<u>Western</u>	<u>Hemisphere</u>	<u>N. Amer.</u>	<u>Total</u>
Plati	0	0	0	0.10	0	0.05	0.15	
Army	0.26	0.02	0.10	0.10	0.03	0	0.51	
Commerce	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.90</u>	<u>1.90</u>	
	0.26	0.02	0.10	0.20	0.03	1.95	2.56	

Chemicals

<u>BLOC</u>	<u>USSR</u>	<u>East Europe Excl. USSR</u>	<u>Com. China + Far East Asia</u>	<u>S-S Bloc</u>	<u>Total</u>
Army	.41	.23	.14	0	.78
A.F.	2.00*	0	0	0	2.00
CIA	5.50	3.50	1.20	.80	11.00
Commerce	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.00</u>	<u>1.00</u>
Total	7.91	3.73	1.34	1.80	14.78

NON-BLOC

	<u>Europe</u>	<u>Africa</u>	<u>Near East</u>	<u>S. + S.E. Asia + Far East</u>	<u>West Hemis.</u>	<u>North</u>	<u>Total</u>
State	0	0	0	.10	0	.05	.15
Army	.26	.02	.10	.10	.03	0	.51
Commerce	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.90</u>	<u>1.90</u>
Total	.26	.02	.10	.20	.03	1.95	2.56

Control No. 487074
3 June 1958

MEMORANDUM FOR: EIC Secretariat
FROM: Chairman, EIC Subcommittee on Chemicals
SUBJECT: Annual Report for Fiscal Year 1958

1. Activities of the Subcommittee During Fiscal Year

The EIC Subcommittee on Chemicals held 4 meetings during fiscal year 1958. These meetings were concerned with redrafting the existing statements on priority deficiencies in research and collection of intelligence on the chemical industries of the Sino-Soviet Bloc; with consideration of the "net gain aspects" of several proposed exchanges of chemical delegations with the Bloc; and with consideration of an Air Force proposal for an external research project on the Soviet chemical industry.

a. Research and Collection Deficiencies

A new, coordinated statement of priority chemical research deficiencies (EIC-S-1 - revised) was prepared by the subcommittee and submitted by the Secretariat to the EIC for approval on 13 May 1958. The new statement supersedes EIC-S-1, 11 February 1954. Some progress has already been made in eliminating the stated research deficiencies. CIA/OKR/M-CH has recently completed research on lithium, calcium, and fluorine compounds and Army/CCIA expects to publish a report on the antibiotics situation in the Satellites by about 1 January 1959.

The Subcommittee also identified priority collection deficiencies in the fields of missile propellants, nuclear energy chemicals, synthetic rubbers, plastics, CW agents, and allied chemicals. No statement of these collection deficiencies has been prepared because the Officers of the Subcommittee have doubts regarding the practical value of a general statement of this nature. Collection requirements of both a general and specific nature on these subjects have already been served on the appropriate collection components and the purpose that will be served by repetition of these requirements through the EIC is questioned. The Officers of

the Subcommittee intend to consult with the Secretariat in the near future for clarification of this question.

b. Review of Proposals for External Research

In October 1957, the Subcommittee, at the request of the EIC, reviewed an Air Force proposal for an external research project on "Process Analysis of the USSR Chemical Industry." The opinions and recommendations of the Subcommittee regarding this proposal were stated in a memorandum to the Executive Secretary, EIC, dated 30 October 1957. No other proposals for external research projects were reviewed during the fiscal year.

c. Special Coordination Functions

The Subcommittee rendered advice to the IAC Ad Hoc Committee on Exchanges in connection with several proposals for exchange of chemical delegations with the Bloc countries. In particular, a coordinated statement was prepared in September on the "net gain" aspects of a Soviet proposal for long-term exchanges of chemical industry delegations. Likewise, the Subcommittee rendered an opinion in December on a Polish proposal for the exchange of chemical delegations and prepared a proposed itinerary for the US delegation in Poland. In addition, the Officers of the Subcommittee confirmed a previous Subcommittee opinion on the "net gain" aspects of a proposed exchange of plastics delegations with the USSR and prepared a proposed itinerary for the US delegation in the USSR.

d. Maintenance of Agreed Basic Statistics

As pointed out in the annual report of last year there is very little identity of interests on the part of the IAC agencies with regard to chemical intelligence. CIA is the only agency broadly concerned with the economic aspects of the chemical industries of the Sino-Soviet Bloc. The chemical interests of the Army (CCIA), are restricted primarily to CW agents and materiel; those of State to East-West trade; those of Air Force and Navy to the chemicals directly related to products of Air and Naval interest. As a result of these circumstances, during fiscal year 1958 there was no need for coordination of estimates. The need for some limited coordination, however, may arise in the future, for example, when Air Force or CIA would produce estimates on guided missile propellants; when Army (CCIA) or CIA would produce

estimates on antibiotics; or when Air Force, Navy or CIA would produce estimates, say, on plastics.

2. Evaluation of the Role of the Subcommittee

As indicated in the previous paragraphs, the Subcommittee on Chemicals has performed several useful functions during 1958, particularly with regard to consideration of proposals for exchange of delegations and for external research projects. In addition, it is felt that the personal contacts and coordination effected through the Subcommittee are useful to all the participating agencies in expediting economic intelligence research on the chemical and allied industries of the Bloc and in avoiding duplications of effort. On balance, despite the lack of identical interests on the part of the agencies represented, it is felt that considerable success has been achieved in stimulating renewed interest in the work of the Subcommittee, after a long period of inactivity during fiscal year 1957, and that the Subcommittee is now serving and will continue to serve in a useful capacity.

3. Future Program of the Subcommittee

The active state of affairs regarding exchange of technical delegations with the USSR and other Bloc countries, and the recent prominence given to expansion of the chemical industries of certain of the Bloc countries indicate that consideration of proposals for such exchanges probably will be the major activity of the Subcommittee during fiscal year 1959. In addition, it is planned to resolve the previously cited question regarding priority collection requirements, to continue coordinating the research programs of the various agencies, and, in general, to provide Ad Hoc advice and assistance when required in the resolution of any problems within the responsibilities of the Subcommittee.

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